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# Country Profile Costa Rica

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## Country Profile Costa Rica

(3)



Canada



## COSTA RICA

### GEOGRAPHY AND POPULATION

Costa Rica, a Central American republic, is the second smallest country in the region after El Salvador, with an area of 50,900 square kilometres. It is situated between Nicaragua and Panama, with the Caribbean Sea on its east coast and the Pacific Ocean on its west. The capital, San José, has approximately 400,000 inhabitants. The rest of Costa Rica's cities have less than 100,000 people. Overall, the population is 59 per cent rural.

Costa Rica is the most homogenous country in Central America. The majority of its population of 2.3 million is comprised of whites and métis. The population of European origin, for the most part Spanish and Catholic, is settled mainly on the central plateau, the location of the capital city and the centre of the country's economic life. Spanish is the language of the majority of Costa Ricans. Black West Indians form the most important non-indigenous minority in Costa Rica and they are settled mainly along the Caribbean coast. The indigenous population is becoming smaller; it is estimated that the Indians represent less than 0.5 per cent of the population today.

Costa Rica is divided into three distinct climatic/topographic zones: the low plains of the Caribbean, comprising one-third of the country's area, which are characterized by a rainy, tropical climate and are covered by dense forests; the highlands of the central plain, drier and more temperate than the coast, which are the most populated and have the most fertile soils of Costa Rica; and the Pacific zone, which is formed by a combination of plains and mountain ranges, where the rainy season runs from May to October. In the mountain regions, the climate varies according to the altitude.

The backbone of the country runs along a line of mountains, which turn towards the Pacific, extending from Lake Nicaragua to the Panama border in three ranges: the Guanacaste range, followed by the volcanic Talamanca and central ranges. Volcanic ash, deposited over the centuries, has rendered 18 valleys fertile. The majority of the volcanoes are extinct or dormant, but two do show some activity. Rivers are short and unnavigable.

### HISTORY

Costa Rica was a Spanish colony from the 16th century to 1821, when Costa Rica declared its independence. The Spanish colonies of the 16th century in Costa Rica did not resemble the regimes of other Latin American countries; mineral resources were less significant and the indigenous population was docile. A large number of Indians were also rapidly decimated by diseases brought in by the Europeans.

The first permanent settlement was Cartago, founded in 1564. Over the course of the next 250 years, until independence, the country experienced very slow growth. The society which developed was mainly

comprised of small commercial farmers and the poor. San José was founded in 1736, as a result of the expansion of Cartago. In 1821, the population of Costa Rica was approximately 60,000 inhabitants.

Coffee production began in the 19th century, followed by the cultivation of bananas, which opened the door to new sources of revenue, enriching some Costa Ricans and marking the beginning of social stratification. However, the absence of a Spanish aristocracy in the 17th and 18th centuries allowed the country to evolve a regime with democratic characteristics.

Constitutional government has been in place since 1920, with the sole major interruption in 1948, when the results of a presidential election were contested. The Legislative Assembly declared the election null and void and a civil war followed. The revolutionary forces, led by José Figueres Ferrer, were victorious and a junta took power in April of 1948. In December of the same year, the Costa Rican army was abolished. After preparing a new constitution, the victorious candidate from the 1948 elections assumed office in January 1949.

Figueres, the founder of the Partido de Liberación Nacional (PLN), a socialist party, dominated the political life of Costa Rica for many years. Under his direction, Costa Rica became one of the most democratic countries in Latin America. In its first mandate, the Figueres government nationalized the banks and instituted a comprehensive system of social security.

Since the 1948 revolution, there have been many changes of government, all in accord with the constitution. Daniel Oduber Quiros, the PLN candidate elected President in 1974, pursued the established policy of social development and opened diplomatic relations with communist countries. In 1975, the communist and all other leftist parties were legalized in Costa Rica.

In 1978, Rodrigo Carazo Odio of the Partido Unidad Opositora (PUO), which has a more conservative orientation, won the election. During this administration, the increasing political and economic instability in Central America began to have an effect on the international level. In the elections of 1982, the PLN candidate, Luis Alberto Monge Alvarez, won with a comfortable majority and announced an emergency economic program in order to rescue the country from its precarious financial position. In 1983, the increase in unemployment, caused by the agrarian crisis, and the austerity measures engendered a feeling of discontent within the population. However, the measures taken by the Monge government have since produced positive results and have allowed some economic recovery in Costa Rica. Today, the country continues in its efforts to regain the economic stability which existed before the crisis.

With respect to international relations, Costa Rica is a member of the Organization of American States (OAS) and of the Central American common market. Since 1982, Costa Rica has maintained a policy of neutrality towards the other Central American countries. Numerous refugees from

neighboring countries, principally Nicaragua and El Salvador, seek asylum in Costa Rica.

#### ECONOMY

Until the world recession upset the international financial system and the price of basic products, Costa Rica had succeeded in maintaining a high growth rate compared to the other Latin American countries. The country was also favored with a well-developed infrastructure and social security system. Its good economic performance was an example for its Central American partners. In 1981, the Gross National Product attained the level of U.S.\$1,430 per capita, the highest in the region. Costa Rica was close to achieving economic self-sufficiency and external aid was at a minimum.

Among other consequences, the economic crisis which struck Costa Rica raised the external debt to over U.S.\$4 billion, one of the highest per capita debts in the world.

At the beginning of its mandate in 1982, the new government undertook a program of economic stabilization. The measures which were adopted began to bear fruit over the course of 1983, when these efforts were rewarded by a drop in the inflation rate and by a small economic recovery, marked by a growth in the Gross Domestic Product of around 0.8 per cent. It is estimated that the economy showed a growth rate of nearly 3 per cent in 1984. Despite the recovery, according to the Kissinger report, the economy will not recover its pre-crisis level of income per capita without a substantial financial contribution from the outside.

At the end of 1982, Costa Rica signed a one-year accord with the International Monetary Fund (IMF). Thanks to the measures taken during this period, the country succeeded in meeting the terms of the agreement and surpassing its objectives. Following commitments on the part of Costa Rica, among which were the reduction of the deficit in the public sector, a new accord has recently been negotiated with the IMF. This accord will give Costa Rica access to a supplementary credit of U.S.\$60 million, which will assist in the payment of the debt.

Agriculture, forestry and fishing together comprise 22 per cent of the Gross National Product of Costa Rica. The main exports are: coffee (36 per cent) and bananas (17 per cent), followed in descending order by sugar, beef and cotton.

#### CANADIAN ASSISTANCE

Costa Rica received relatively little bilateral aid until 1982-83, with the granting of a line of credit (LOC) of \$3 million for the purchase of fertilizer. Shortly afterwards, a second LOC of \$12.3 million was signed: \$8.5 million for fertilizer and \$3.5 million for railway equipment.

A third line of credit for \$14.9 million, similar to the first two, is planned for further purchases of fertilizer. These credits are provided

in order to assist in the balance of payments and to support the priority sector of agriculture.

In addition, a \$3 million contribution is planned for a four-year program of scholarships, concentrated in technical training in the agriculture sector. Finally, the services of a Canadian counsellor were made available to the UN High Commissioner for Refugees from 1982 to 1984 to provide technical assistance to refugees.

CIDA's bilateral expenditures in Costa Rica from 1982-83 to 1984-85 total approximately \$16.3 million.

Canada also assists Costa Rica financially through UN organizations, the World Food Program and other international financial organizations such as the World Bank and the Inter-American Development Bank.

The Special Programs Branch of CIDA gives financial support to the efforts of a number of groups, including Canadian and international non-governmental organizations (NGOs), educational institutions, unions, cooperatives, voluntary groups and others who seek to collaborate on projects with their counterparts in developing countries. The activities of these groups in Costa Rica, as in other countries in the Third World, occur most often at the local community level.

This Division of CIDA also encourages public education campaigns by and for Canadians in development issues, particularly concerning the problems faced by the most disadvantaged groups in the Third World.

Several NGOs and private institutions participate in development projects in Costa Rica, in training, health and agriculture, among other areas. For example, the Canadian Committee of UNICEF is administering a water supply and sanitation project; the Canadian Catholic Organization for Development and Peace (CCODP) is running two training projects for women and peasants.

Among the other Canadian institutions working in Costa Rica are the University of Guelph, which is collaborating in projects in fishing and beekeeping, and the Fédération des caisses populaires Desjardins, which is working in the development of cooperatives.

PROFILE

Official name	Republic of Costa Rica
Capital	San José
Official language	Spanish
Other languages spoken	English
Date of independence	September 15, 1921

<u>Comparative Data</u>	<u>Costa Rica</u>	<u>Canada</u>
Area	50,900 sq. km.	9,976,000 sq. km.
Population (1982)	2.3 million	24.6 million
Life expectancy at birth (1982)	74 years	75 years
Infant mortality rate	18/1000 live births	10/1000 live births
Daily per capita calorie supply as percentage of requirement (1982)	118%	126%
Adult literacy rate	90%	99%
Percentage of labor force in agriculture	29%	5%
industry	23%	29%
services	48%	60%
Gross national product per capita (1982)	U.S. \$1,430	U.S. \$11,320
Inflation rate (1970-1982)	18.4%	9.3%

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